

Message Text

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ACTION AF-08

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FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC PRIORITY 4095

S E C R E T SECTION 1 OF 2 KHARTOUM 1199

FOR DEPUTY UNDER SECRETARY FOR MANAGEMENT FROM AMBASSADOR

E.O. 11652: GDS
TAGS: PFOR, AMGT, SU
SUBJECT: PARA: ANNUAL POLICY AND RESOURCE ASSESSMENT
PART I: SUDAN

REF: A. CERP 0001, B. STATE 38356

US INTERESTS:

1. PRINCIPAL LONG-TERM US INTEREST IN SUDAN IS ECONOMIC/
COMMERCIAL. OVER REMAINDER TWENTIETH CENTURY SUDAN LIKELY
BE LOCUS MAJOR INVESTMENT AND DEVELOPMENT EFFORT LED BY
WEALTHY ARAB STATES AND INTER-ARAB ORGANIZATIONS. MAJOR
WESTERN NATIONS AND INTERNATIONAL ORGANIZATIONS WILL ALSO
CONTRIBUTE. THIS WILL MAKE SUDAN EVEN MORE IMPORTANT MARKET
FOR US GOODS AND SERVICES IN SUB-SAHARAN AFRICAN (IT IS
ALREADY FOURTH LARGEST), AND AS DEVELOPMENT EFFORT TAKES HOLD
COUNTRY IS LIKELY BECOME MAJOR NEW SOURCE OF FOOD.
MOREOVER, SUDAN MAY ALSO POSSESS IMPORTANT PETROLEUM AND
MINERAL DEPOSITS, AND ALREADY US FIRMS ARE PLAYING IMPORTANT
ROLE IN THIS AREA.

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2. HARDLY SEPARATE FROM ABOVE ECONOMIC/COMMERCIAL
INTEREST, HOWEVER, IS USG INTEREST IN SUDANESE STABILITY AND
INTEGRITY. DEVELOPMENTS IN HORN IN LAST SIX MONTHS HAVE
HIGH-LIGHTED POSSIBILITIES SUDANESE/ETHIOPIAN CONFRONTATION,
CONCERN HERE AT CLOSER MOSCOW/ADDIS TIES AND CONTINUED
WORRY ON PART NIMEIRI REGIME RE POSSIBLE SECURITY THREATS
FROM LIBYAN-BACKED ANTI-REGIME SUDANESE EXILES IN NUMBER

NEIGHBORING COUNTRIES. MAXIMIZATION AMERICAN PARTICIPATION IN SUDANESE DEVELOPMENT DIFFICULT FORESEE UNDER CONDITIONS ENDEMIC INSTABILITY.

3. SUDAN'S SIZE AND LOCATION AT CROSSROADS BETWEEN ARAB AND AFRICAN WORLDS ALSO SUGGEST COUNTRY'S REGIONAL POLITICAL AND STRATEGIC IMPORTANCE WILL INCREASE. TO EXTENT THIS ALREADY HAPPENING VIEW RAPID PACE HORN DEVELOPMENTS. US INTERESTS WOULD APPEAR SERVED BY CONTINUATION FRIENDLY GOVT HERE ABLE AND WILLING PLAY HELPFUL ROLE IN ARAB AND AFRICAN AFFAIRS, NOTABLY IN HORN/RED SEA REGION. ACCESS TO SUDANESE PORTS AND AIR SPACE VALUED BY US MILITARY.

OVERVIEW:

4. INTERNAL SECURITY AND POLITICAL STABILITY, REGIONAL SECURITY DEVELOPMENTS AND THE PUSH TOWARD DEVELOPMENT ARE THREE KEY AREAS FOR NIMEIRI REGIME. CONTINUING PROGRESS WILL BE REQUIRED INTEGRATE AUTONOMOUS SOUTHERN REGION INTO NATION FOLLOWING LONG, BITTER CIVIL WAR. VASTNESS OF SUDAN, LIMITED HUMAN RESOURCES AND GENERAL POVERTY WILL HAMPER GOVERNMENT'S TASK. MEANWHILE, REGIME'S MOST ACTIVE ANTAGONISTS, RIGHTIST RELIGIOUS GROUPS AND LOCAL COMMUNIST PARTY, WILL BE ALERT FOR OPPORTUNITIES MOVE AGAINST NIMEIRI AND TOPPLE GOVERNMENT. THEY ALMOST CERTAINLY WILL BE SUPPORTED, FOR DIFFERENT REASONS, BY LIBYA, ETHIOPIA, USSR AND THEIR ALLIES.

5. THUS, INTERNAL STABILITY AND NATION-BUILDING EFFORT
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CLOSELY RELATED TO REGIONAL SITUATION. GOS LIKELY REMAIN VERY SUSPICIOUS OF QADHAFI'S LIBYA AND MENGISTU'S ETHIOPIA, BOTH OF WHICH SEEN HERE AS INCREASINGLY AIDED AND INFLUENCED BY USSR, OTHER EUROPEAN COMMUNIST POWERS AND CUBA. FOR THIS AND OTHER REASONS, SUDAN LIKELY CONTINUE RELY FOR SUPPORT ON EGYPT, SAUDI ARABIA AND OTHER MODERATE ARAB STATES. MEANWHILE, SUDAN PROVIDING GREATER SUPPORT TO ERITREANS AND ANTI-GOVERNMENT ETHIOPIAN REBELS, NOTABLY EDU. THIS INTURN HAS DRAWN SUDAN INTO WHOLE COMPLEX RANGE OF ISSUES IN HORN.

6. WHILE SECURITY WILL REMAIN MOST IMPORTANT ITEM ON NIMEIRI'S AGENDA, SUDAN'S AMBITIOUS DEVELOPMENT EFFORT IS GAINING MOMENTUM, AND LEADERSHIP RECOGNIZES THAT ECONOMIC DEVELOPMENT ESSENTIAL FOR ORDERLY NATION-BUILDING. THIS OBVIOUSLY REINFORCES SUDANESE NEED FOR HELP FROM MODERATE, WEALTHY ARAB STATES, PRINCIPALLY SAUDI ARABIA. EXPECTATION IS THAT RELATIVELY LARGE-SCALE SAUDI, KUWAITI AND OTHER ARAB ECONOMIC ASSISTANCE AND INVESTMENT WILL

CONTINUE. NEWLY FORMED ARAB AUTHORITY FOR AGRICULTURAL INVESTMENT AND DEVELOPMENT SHOULD BEGIN TO IMPLEMENT ITS MULTI-BILLION DOLLAR EFFORT THIS YEAR. ARAB ECONOMIC ACTIVITY IN SUDAN WILL SERVE TO ATTRACT OTHER WESTERN (AND JAPANESE) AND MULTILATERAL ASSISTANCE AND INVESTMENT. THIS PROCESS HAS BEGUN, AND PACE CAN BE EXPECTED TO QUICKEN OVER NEXT TWO-THREE YEARS.

7. OVER NEXT TWO YEARS IMPORTANT INFRASTRUCTURE, AGRICULTURAL AND INDUSTRIAL PROJECTS LIKELY BE COMPLETED, SETTING STAGE FOR SUBSEQUENT MAJOR EXPANSION OF THE ECONOMY. BY THEN IMPORTANT INFORMATION WILL ALSO BE AVAILABLE IN MINERALS SECTOR, ESPECIALLY RE PETROLEUM DEPOSITS IN CENTRAL AND SOUTHERN SUDAN (WHERE CHEVRON IS BEGINNING MAJOR EXPLORATION EFFORT).

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BETWEEN NOW AND 1980 NIMEIRI REGIME WILL THUS FOCUS ON SECURITY AND ECONOMIC DEVELOPMENT. ITS CLOSEST SUPPORTERS IN THIS EFFORT--MODERATE ARAB STATES, WESTERN EUROPEAN COUNTRIES, INTERNATIONAL ECONOMIC AGENCIES--ARE ALSO CLOSE TO USG. SUDAN HAS HAD ITS FLING WITH RADICAL SOCIALISM AND CLOSE RELATIONS WITH COMMUNISTS. NIMEIRI REGIME NOW CLEARLY ANTI-COMMUNIST AND VERY SUSPICIOUS OF SOVIET DESIGNS IN REGION.

9. FOR SEVERAL REASONS, THEREFORE, SUDAN IS DRAWN TOWARD USG. NIMEIRI WOULD LIKE COOPERATE WITH US (BOTH PUBLIC AND PRIVATE INSTITUTIONS) ACROSS THE BOARD. PRIVATE AMERICAN BUSINESS ACTIVITY INCREASING, AND WE EXPECT THIS TO CONTINUE, THOUGH NOT AT PACE DESIRED BY SUDANESE. SUDANESE WOULD LIKE USG POLITICAL SUPPORT AGAINST SOVIETS

AND REGIONAL ANTAGONISTS, SECURITY ASSISTANCE, INCLUDING US EQUIPMENT OBTAINED VIA FMS PROCEDURES, AND A LARGE AID PROGRAM, INCLUDING BALANCE OF PAYMENTS ASSISTANCE.

10. WHILE WE CANNOT-AND SHOULD NOT-MOVE AS RAPIDLY OR EXTENSIVELY AS SUDANESE WOULD WISH, WE DO BELIEVE FASTER PACE THAN SO FAR EVIDENT HERE IS CLEARLY IN OUR INTEREST. THROUGH EXIM, OPIC AND OTHER AGENCIES, FIRMS SHOULD BE ENCOURAGED PLAY LARGER ROLE HERE WHICH WILL HELP SUDAN AND
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GIVE BOOST TO BILATERAL RELATIONS WHILE ALSO BEING PROFITABLE TO COMPANIES INVOLVED. SIMILARLY, PACE OUR OWN RESUMPTION ECONOMIC ASSISTANCE SHOULD BE STEPPED UP.

11. CRITICAL ISSUE OVER NEXT SIX MONTHS WHICH WILL HAVE CONSIDERABLE IMPLICATIONS FOR PERIOD BETWEEN NOW AND 1980 AND BEYOND IS OUR ATTITUDE TOWARD MILITARY SALES AND LARGER QUESTION OF JUST HOW CLOSE A POLITICAL RELATIONSHIP WE DESIRE. FAVORABLE ACTION ON C-130 SALE WILL BE WELCOMED BY NIMEIRI AS INDICATION PRACTICAL USG SUPPORT. REGIME WANTS CLOSER POLITICAL RELATIONSHIP WITH USG, HOWEVER, INCLUDING IN AREA ARMS SALES. OUR RESPONSE IS PRESENTLY SINGLE MOST IMPORTANT--AND DIFFICULT--POLICY QUESTION RE SUDAN FACING USG.

OBJECTIVES, COURSES OF ACTION AND ISSUES:

12. US FIRMS SHOULD BE POSITIONED TO GAIN FULL ADVANTAGE OF ANTICIPATED ECONOMIC DEVELOPMENTS IN SUDAN OVER NEXT FEW YEARS. OUR WIDER REGIONAL INTERESTS--BOTH ARAB AND AFRICAN--WILL ALSO BE SERVED BY MODERATE, STABLE AND PEACEFUL SUDAN. NIMEIRI REGIME WISHES COOPERATE WITH US. STAGE HAS THUS BEEN SET FOR MUTUALLY BENEFICIAL, FRIENDLY AND COOPERATIVE RELATIONSHIP IN FUTURE.

13. STILL, PACE AND EXTENT COOPERATION ARE AT ISSUE, WITH REGIME LIKELY OVER NEXT TWO YEARS PRESS FOR MORE ASSISTANCE QUICKER THAN WE MAY WISH PROVIDE, THEREBY CREATING POSSIBLE IRRITANT IN OUR RELATIONS. DESPITE OBVIOUS PROBLEMS, EMBASSY CONCLUDES THAT COUNTRY HAS GREAT FUTURE POTENTIAL, BY NOW IS RELATIVELY STABLE, AND REGIONALLY IT BECOMING MORE IMPORTANT; THERFORE USG SHOULD BE PREPARED COOPERATE FULLY WITH SUDAN. NOT TO DO SO WOULD STRENGTHEN UNFRIENDLY ELEMENTS WITHIN SUDAN GOVT THUS PREJUDICING OUR FUTURE TIES.

14. USG ACTION ENCOURAGE EXPANDED ECONOMIC RELATIONS,
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INCLUDING ECONOMIC ASSISTANCE PROGRAM, SHOULD BE ACCELERATED. BY FY79 WE SHOULD HAVE CONSOLIDATED ACTIVE TRADE PROMOTION EFFORT HERE. SUDAN ALREADY FOURTH IN SUB-SAHARAN AFRICA AS IMPORTER US GOODS AND IS SECOND ONLY TO SOUTH AFRICA IN TERMS FAVORABLE TRADE BALANCE. IT WILL INCREASINGLY BE SIGNIFICANT BOTH AS MARKET AND SOURCE OF FOOD AND RAW MATERIALS. THOUGH NOT LEADER IN MULTILATERAL ECONOMIC FORA NOW, SUDAN LIKELY PLAY GREATER ROLE AFTER 1980 AS ECONOMY DEVELOPS. WE SHALL WANT CONSULT CLOSELY AND REGULARLY ON INTERNATIONAL ECONOMIC ISSUES.

15. BY FY79 WE SHOULD HAVE RESUMED FULL-SCALE ECONOMIC ASSISTANCE PROGRAM. SUDAN, DESPITE ITS FUTURE ECONOMIC POTENTIAL, REMAINS ONE OF POOREST LDCS. PARTICULARLY IN SOUTHERN REGION, THERE VIRTUALLY NO LIMIT TO BENEFICIAL WORK THAT US ECONOMIC ASSISTANCE PROGRAM CAN ACCOMPLISH. BASIC POLICIES, INCLUDING COOPERATION WITH OTHER DONORS ACTIVE HERE, ARE BEING ESTABLISHED NOW, AND BY FY79 PRINCIPAL PROBLEM WILL BE TO ASSURE THEIR EFFECTIVE IMPLEMENTATION.

16. FOLLOWING EXECUTIVE BRANCH APPROVAL C-130 SALE, ISSUES THAT CURRENTLY REQUIRE EARLY WASHINGTON DECISION FALL INTO THREE BROAD CATEGORIES: (A) EXTENT ANY ADDITIONAL MILITARY AID; (B) PACE AND SIZE RESUMPTION ECONOMIC AID; AND (C) ADDITIONAL PERSONNEL REQUIRED BY RAPID SHIFT TO HIGH GEAR IN USG/SUDAN RELATIONSHIPS (DISCUSSED IN PARTS II AND II). RE MILITARY AID WE BELIEVE MODEST CONTINUING PROGRAM WARRANTED, NOTABLY IN SUCH NON-LETHAL AREAS AS RADAR, COMMUNICATIONS SALES AND AUGMENTED GRANT TRAINING PROGRAM. AS TO ECONOMIC AID, COUNTRY TEAM CONTINUES BE TROUBLED BY SLOW PACE RESUMPTION OF A NORMAL LEVEL OF ASSISTANCE, PLUS DIFFICULTY IN RE-ENTERING NORMAL BUDGET CYCLE IN LESS THAN THREE YEARS FROM 'NORMALIZATION' IN MAY, 1976. IT WOULD APPEAR IN OUR INTEREST ACCELERATE NORMAL PROCEDURES AND ASSURE THAT ALL STEPS WHICH ARE DETERMINED TO BE REQUIRED
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ARE INITIATED PROMPTLY.

17. MODEST CONTINUING PROGRAMS OF THIS NATURE, PLUS MAINTENANCE CLOSE POLITICAL CONSULTATIONS HERE ON AFRICAN AND ARAB DEVELOPMENTS, WILL FOSTER AMERICAN ECONOMIC INTERESTS STRENGTHEN HAND OUR FRIENDS HERE AND HELP ASSURE USEFUL SUDANESE POSITIONS IN REGIONAL AND MULTILATERAL AFFAIRS (AS WITH ZAIRESWASY WEEK). MILITARY SALES WILL NOT DIVERT FUNDS FROM BADLY NEEDED ECONOMIC DEVELOPMENT, SINCE SUDANESE

SEEM ABLE OBTAIN SAUDI FINANCING FOR SPECIFIC MATERIAL ITEMS.
IN ADDITION TO COMMERCIAL CONSIDERATIONS, FAVORABLE USG
RESPORMSES ON SOME SUCH REQUESTS WILL HELP UNDERPIN
SUDANESE INTERNAL STABILITY AND BE VIEWED FAVORABLY BY
OUR CHIEF MODERATE ARAB FRIENDS, EGYPT AND SAUDI ARABIA.
KEY POINT WILL BE TO RECOGNIZE THAT, WHILE BROAD AND
UNCRITICAL APPROVAL SUDANESE REQUESTS WOULD NOT BE IN OUR
(OR CONCEIVABLY THEIR) INTEREST, WE MUST DEVELOP AND
SUSTAIN A PROGRAM CONSISTENT WITH SUDAN'S POVERTY, OUR
WEALTH, AND OUR CLOSE BILATERAL TIES. OTHERWISE, OUR
FUNDAMENTAL INTERESTS HERE CAN HARDLY BE ADEQUATELY
SAFEGUARDED.
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